

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01537A

**Shepard Water Company
Star Route 4, Box 41
Yuma, AZ 85365**



*Entered
5/1/03
C.M.*

ANNUAL REPORT
FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

<i>ANN 04</i>	<i>02</i>
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COMPANY INFORMATION

Company Name (Business Name) SHEPARD WATER COMPANY

Mailing Address STAR ROUTE 4, BOX 41

(Street)

YUMA

(City)

AZ

(State)

85365

(Zip)

(928)783-9589

Telephone No. (Include Area Code)

(928)782-3360

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email

Address info@martinezlake.com

Local Office Mailing Address SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: JOHN GUTH PRESIDENT

(Name)

(Title)

STAR ROUTE 4, BOX 41

(Street)

YUMA

(City)

AZ

(State)

85365

(Zip)

(928) 783-9589

Telephone No. (Include Area Code)

(928)782-3360

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address info@martinezlake.com

On Site Manager: LILI WHITFORD

(Name)

STAR ROUTE 4, BOX 41

(Street)

YUMA

(City)

AZ

(State)

85365

(Zip)

(928)783-9589

Telephone No. (Include Area Code)

(928)783-3360

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

Statutory Agent: WADE NOBLE
(Name)

1405 W 16TH ST YUMA AZ 85364
(Street) (City) (State) (Zip)

(928)343-9947 (928)3439483
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: WADE NOBLE
(Name)

SAME AS ABOVE
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input checked="" type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	708	-	708
302	Franchises	2,708	-	2,708
303	Land and Land Rights	250	-	250
304	Structures and Improvements	2,257	1,487	770
307	Wells and Springs	4,424	4,424	-
311	Pumping Equipment	9,512	7,489	2,023
320	Water Treatment Equipment	2,630	2,630	-
330	Distribution Reservoirs and Standpipes	8,141	7,969	172
331	Transmission and Distribution Mains	5,796	5,796	-
333	Services	7,205	7,205	-
334	Meters and Meter Installations	-	-	-
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	879	22	857
340	Office Furniture and Equipment	509	93	416
341	Transportation Equipment	-	-	-
343	Tools, Shop and Garage Equipment	442	442	-
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	45,461	37,557	7,904

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	708	-	-
302	Franchises	2,708	-	-
303	Land and Land Rights	250	-	-
304	Structures and Improvements	2,257	.31%	7
307	Wells and Springs	4,424	-	-
311	Pumping Equipment	9,512	.32%	30
320	Water Treatment Equipment	2,630	-	-
330	Distribution Reservoirs and Standpipes	8,141	.32%	26
331	Transmission and Distribution Mains	5,796	-	-
333	Services	7,205	-	-
334	Meters and Meter Installations	-	-	-
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	879	2.00%	18
340	Office Furniture and Equipment	509	10.00%	51
341	Transportation Equipment	-	-	-
343	Tools, Shop and Garage Equipment	442	-	-
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	45,461		132

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 29,482	\$ 37,627
134	Working Funds	-	299,475
135	Temporary Cash Investments	-	-
141	Customer Accounts Receivable	733	553
146	Notes/Receivables from Associated Companies	-	-
151	Plant Material and Supplies	-	-
162	Prepayments	-	-
174	Miscellaneous Current and Accrued Assets	14,791	14,791
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 45,006	\$ 352,446
	FIXED ASSETS		
101	Utility Plant in Service	\$ 45,461	\$ 45,461
103	Property Held for Future Use	-	-
105	Construction Work in Progress	-	-
108	Accumulated Depreciation – Utility Plant	(37,424)	(37,557)
121	Non-Utility Property	-	-
122	Accumulated Depreciation – Non Utility	-	-
	TOTAL FIXED ASSETS	\$ 8,037	\$ 7,904
	TOTAL ASSETS	\$ 53,043	\$ 360,350

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 34,720	\$ -
232	Notes Payable (Current Portion)	15,280	-
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits	-	-
236	Accrued Taxes	-	15,064
237	Accrued Interest	-	-
241	Miscellaneous Current and Accrued Liabilities	362	517
	TOTAL CURRENT LIABILITIES	\$ 50,362	\$ 15,581
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$ 295,484
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	-	-
255	Accumulated Deferred Investment Tax Credits	-	-
271	Contributions in Aid of Construction	-	-
272	Less: Amortization of Contributions	-	-
281	Accumulated Deferred Income Tax	-	223
	TOTAL DEFERRED CREDITS	\$ -	\$ 223
	TOTAL LIABILITIES	\$ 50,362	\$ 311,288
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	6,096	6,096
215	Retained Earnings	(4,415)	41,966
218	Proprietary Capital (Sole Props and Partnerships)	-	-
	TOTAL CAPITAL	\$ 2,681	\$ 49,062
	TOTAL LIABILITIES AND CAPITAL	\$ 53,043	\$ 360,350

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 25	\$ -
460	Unmetered Water Revenue	47,258	50,385
474	Other Water Revenues	920	-
	TOTAL REVENUES	\$ 48,203	\$ 50,385
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 162	\$ -
610	Purchased Water	-	-
615	Purchased Power	951	-
618	Chemicals	-	-
620	Repairs and Maintenance	2,097	777
621	Office Supplies and Expense	1,139	2,683
630	Outside Services	10,285	11,018
635	Water Testing	531	-
641	Rents	-	-
650	Transportation Expenses	-	-
657	Insurance – General Liability	2,872	2,765
659	Insurance - Health and Life	-	-
666	Regulatory Commission Expense – Rate Case	-	-
675	Miscellaneous Expense	5,415	8,073
403	Depreciation Expense	1,021	132
408	Taxes Other Than Income	370	-
408.11	Property Taxes	761	2,703
409	Income Tax	50	15,114
	TOTAL OPERATING EXPENSES	\$ 25,654	\$ 43,265
	OPERATING INCOME/(LOSS)	\$ 22,549	\$ 7,120
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	49,317	51,246
426	Miscellaneous Non-Utility Expenses	(10,515)	-
427	Interest Expense	-	(11,985)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 38,802	\$ 39,261
	NET INCOME/(LOSS)	\$ 61,351	\$ 46,381

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	01/25/02			
Source of Loan	Bank of America			
ACC Decision No.				
Reason for Loan	Water Treatment Facility			
Dollar Amount Issued	\$ 299,475	\$	\$	\$
Amount Outstanding	\$ 295,483	\$	\$	\$
Date of Maturity	01/01/22			
Interest Rate	6.26%			
Current Year Interest	\$ 9,322	\$	\$	\$
Current Year Principle	\$3,992	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME **SHEPARD WATER COMPANY**

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-616951	5 HP	80		8	2	
55-619952	5 HP	80		8	2	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
NONE			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
5000	1	3000	1

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2			5/8 X 3/4	
3			3/4	
4			1	
5			1 1/2	
6			2	
8			Comp. 3	
10			Turbo 3	
12			Comp. 4	
			Tubo 4	
			Comp. 6	
			Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	222	65,880	65,880
FEBRUARY	222	78,730	78,730
MARCH	222	10,7390	107,390
APRIL	222	120,260	120,260
MAY	222	140,190	140,190
JUNE	222	127,430	127,430
JULY	222	125,680	125,680
AUGUST	222	130,760	130,760
SEPTEMBER	222	122,900	122,900
OCTOBER	222	101,370	101,370
NOVEMBER	222	9,3310	93,310
DECEMBER	222	79,840	79,840
TOTAL		N/A	1,293,740

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) Yes () No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 14 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME SHEPARD WATER COMPANY YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 2,704.69

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME	SHEPPARD WATER COMPANY	YEAR ENDING 12/31/2002
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INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>64,228</u>
Estimated or Actual Federal Tax Liability	<u>11,057</u>

State Taxable Income Reported	57,353
Estimated or Actual State Tax Liability	3,996

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
 Amount of Gross-Up Tax Collected _____
 Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE _____

PRINTED NAME

TITLE

04/30/2003 13:04 5287823360
Apr 30 03 01:02p

James E Raftery CPA

MARTINEZ LAKE RESORT

PAGE 03
p.2

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

VERIFICATION

STATE OF

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	YUMA
NAME (OWNER OR OFFICIAL) TITLE	JOHN GUTH
COMPANY NAME	SHEPARD WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 53,444.01

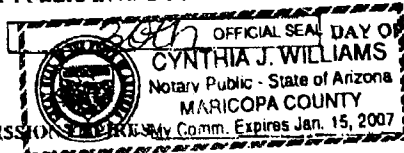
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,543.00
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	Maricopa
MONTH	April
YEAR	2004
SIGNATURE OF NOTARY PUBLIC	

James E Raftery
SIGNATURE OF OWNER OR OFFICIAL
928-783-9589
TELEPHONE NUMBER

*Entered
5/1/03
CJM.*

04/30/2003 13:04 5207823360
Apr 30 03 01:03pMARTINEZ LAKE RESORT
James E Raftery CPAPAGE 04
p.3

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	YUMA	
NAME (OWNER OR OFFICIAL)	JOHN GUTH	TITLE PRESIDENT
COMPANY NAME	SHEPARD WATER COMPANY	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 53,444.41

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,543.00
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

John R. Guth
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

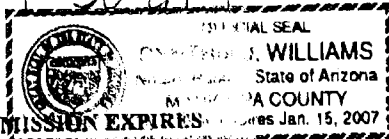
THIS

30th

DAY OF

(SEAL)

MY COMMISSION EXPIRES Jan. 15, 2007



NOTARY PUBLIC NAME	Cynthia J. Williams	
COUNTY NAME	Maricopa	
MONTH	April	20 03

Cynthia J. Williams
SIGNATURE OF NOTARY PUBLIC

JAMES E RAFTERY CPA PC
606 N STAPLEY DR
MESA, AZ 85203

FACSIMILE TRANSMITTAL SHEET

TO:	CARMEN MADRID	FROM:	Patricia Helms
COMPANY:	AZ CORP COMMISSION	DATE:	4/30/2003
FAX NUMBER:	602 542-2129	TOTAL NO. OF PAGES INCLUDING COVER:	3
PHONE NUMBER:		SENDER'S FAX NUMBER:	480 835-8832
RE:	SHEPARD WATER CO	SENDER'S PHONE NUMBER:	480 835-1040

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

TELEPHONE (480) 835-1040
FAX NUMBER (480) 835-8832